



## DAILY ENERGY COMPLEX COMMENTARY

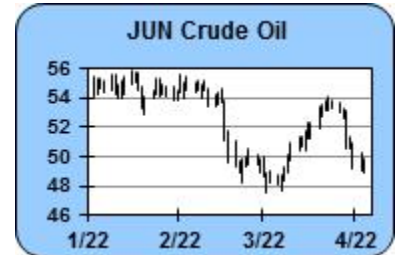
Wednesday April 26, 2017

### DAILY ENERGY COMPLEX COMMENTARY

04/26/17

#### Energy complex back on the defensive in front of EIA weekly stocks data

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE -29, HEATING OIL -82, UNLEADED GAS -216**



**CRUDE OIL MARKET FUNDAMENTALS:** Energy prices continue to see volatile price action this week, but today's early losses indicate that the market is unlikely to shake off an ample domestic supply situation anytime soon. June crude oil, RBOB and heating oil all reached new 4-week lows early on Tuesday, but they then put together a late rebound to finish the session with modest gains. This week's "risk on" mood across global markets may have made the difference in energies finishing Tuesday in positive territory, but there was an abrupt change in fortune after the close. While crude, distillate and gasoline stocks were all expected to see moderate declines in their latest weekly stocks readings, a major private survey showed that crude oil stocks rose by nearly 900,000 barrels. Late April/early May is normally the point in the year when crude oil stocks began to decline, but US crude oil production continues to stay above 9 million barrels per day, and this should keep crude oil stocks near historically high levels over the near future. Reports that Iraq is planning to increase its crude oil production to 5 million barrels per day by the end of 2017 not only add to an already saturated supply situation, they casts some doubt as to whether the Oil Producers Agreement will be extended for another six months at the end of June.

**PRODUCT MARKET FUNDAMENTALS:** While both product markets were able to post a reversal from 4-week lows on Tuesday, heating oil and RBOB were quickly put back on the defensive early in today's session. A major private survey showed that weekly gasoline stocks rose by more than 4 million barrels versus trade estimates calling for a decline closer to 1 million barrels. The private survey also showed distillates having a modest weekly decline that was much smaller than trade forecasts. US distillate exports reached a record high earlier this month, but heating oil prices may not receive much benefit given the supply gluts in crude oil and gasoline.

#### Weekly EIA Petroleum Estimates - Week Ending 4/21/2017 - In Million Barrels

	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	-1.1	-1.5	532.3	-1
Distillates	-1	-1.4	148.3	-2
Gasoline	-1	-1.4	237.3	1.5

**NATURAL GAS:** June natural gas traded down to the lowest price level since March 20th on Tuesday but was able to close with a small gain, which in turn led to upside follow-through this morning. The latest 6-10 day and 8-14 day forecasts have a large section of the Midwestern US with below normal temperatures, which could be construed as supportive for the natural gas market. Early estimates for Thursday's inventory report have stockpiles rising 67 bcf last week versus the five year average gain of 57 bcf. June natural gas closed higher for the first time in three sessions on Tuesday. The market was also able to close back above the 50 day (\$3.149) and 200 day (\$3.151) moving averages after trading below those levels on Monday. The fact that there was very

little liquidation-type trade tells us the market needs a close below the averages to spark further selling. With the slow stochastics oversold and getting ready to cross over to the upside, momentum to the downside may be waning. Trendline resistance comes in at \$3.271 for today's session.

**TODAY'S MARKET IDEAS:**

It may be difficult for a rebound in risk sentiment to provide support for energy prices today if the EIA weekly stocks release confirms the surprising builds in crude oil and gasoline shown in the major private survey. Of the three markets in the crude oil complex, RBOB may be in the most negative position chart-wise as it is already retesting its mid-March lows. Near-term resistance for June crude oil is at \$49.82, while now-critical support is at \$48.90. Near-term resistance for June heating oil is at \$1.5560 while near-term resistance for June RBOB is at \$1.6260.

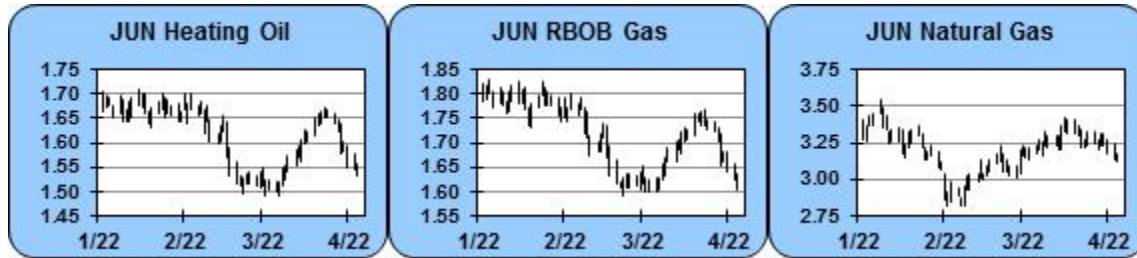
**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**OTHER ENERGY CHARTS:**



**ENERGY COMPLEX TECHNICAL OUTLOOK:**

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

CRUDE OIL (JUN) 04/26/2017: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The next downside target is 48.57. The next area of resistance is around 50.18 and 50.48, while 1st support hits today at 49.22 and below there at 48.57.

HEATING OIL (JUN) 04/26/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 152.69. The next area of resistance is around 156.66 and 157.32, while 1st support hits today at 154.35 and below there at 152.69.

RBOB GAS (JUN) 04/26/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 159.43. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 164.28 and 165.40, while 1st support hits today at 161.30 and below there at 159.43.

NATURAL GAS (JUN) 04/26/2017: The market now above the 60-day moving average suggests the longer-term trend has turned up. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing

price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 3.110. The next area of resistance is around 3.203 and 3.219, while 1st support hits today at 3.149 and below there at 3.110.

## DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>ENERGY COMPLEX</b>										
CLAM7	49.70	34.08	38.78	40.21	22.52	49.82	51.47	51.72	51.52	52.27
CLAN7	50.04	33.87	38.64	40.40	22.59	50.17	51.81	52.06	51.83	52.58
HOAM7	155.51	30.29	37.83	42.45	23.49	1.56	1.60	1.61	1.59	1.61
HOAN7	156.18	30.09	37.50	42.24	23.15	1.57	1.61	1.61	1.60	1.62
RBAM7	162.79	26.87	34.15	34.03	17.55	1.64	1.68	1.70	1.69	1.71
RBAN7	162.71	26.83	34.28	35.03	17.89	1.64	1.68	1.70	1.68	1.70
NGAM7	3.176	41.41	45.78	26.57	18.45	3.19	3.23	3.27	3.15	3.17
NGAN7	3.259	42.29	46.57	28.58	20.00	3.28	3.31	3.34	3.22	3.24

Calculations based on previous session. Data collected 04/25/2017

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>ENERGY COMPLEX</b>						
CLAM7	Crude Oil	48.56	49.22	49.52	50.18	50.48
CLAN7	Crude Oil	48.91	49.56	49.86	50.51	50.81
HOAM7	Heating Oil	152.69	154.35	155.01	156.66	157.32
HOAN7	Heating Oil	153.37	155.02	155.68	157.33	157.99
RBAM7	RBOB Gas	159.42	161.29	162.41	164.28	165.40
RBAN7	RBOB Gas	159.52	161.29	162.36	164.13	165.20
NGAM7	Natural Gas	3.109	3.148	3.164	3.203	3.219
NGAN7	Natural Gas	3.194	3.232	3.247	3.285	3.300

Calculations based on previous session. Data collected 04/25/2017

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